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SUBJECT: MEDIA REACTION REPORT - Global Economy: Cost of  
Reconstruction- Iraq - Hurricanes Katrina and Rita - Political  
Debate Middle East - Gaza Violence  
PARIS - Monday, September 26, 2005

(A) SUBJECTS COVERED IN TODAY'S REPORT:

- [1](#). Global Economy: Cost of Reconstruction- Iraq - Hurricanes Katrina and Rita - Political Debate
- [2](#). Middle East - Gaza Violence

B) SUMMARY OF COVERAGE:

A wide variety of stories, domestic and international, lead in today's front pages. Left-of-center Liberation dedicates its lead and a three-page spread to aspiring women in France's presidential race, with Defense Minister Alliot-Marie in the lead. Socialist Segolene Royal is the other woman politician portrayed in Liberation as a potential candidate. Editorialist Jean-Michel Helvig comments: "France is going through a phase ripe for such speculation: none of the two big parties has an uncontested or a sure-win candidate." Right-of-center Le Figaro devotes its lead to renewed violence in Gaza. But the editorial focuses on President Bush's dilemma regarding reconstruction costs in Iraq and in the U.S. after Hurricanes Katrina and Rita. La Tribune's editorial focuses on "President Bush's Painful Choices" and devotes its front page to "G7 Concerns Over America's Deficit." (See Part C)

European Trade Commissioner Peter Mandelson is interviewed in Le Figaro Economie after the G4: "Europe is one of the world's most open markets, more even than the United States. Our farm subsidies are decreasing, while in the U.S., because of the last Farm Bill, subsidies are increasing. In the Doha cycle, Europe will be negotiating after having made reforms. The U.S. will have to negotiate without having implemented its reforms. (On Airline subsidies) The U.S. has unilaterally torn its copy of the 1992 agreement, but I still have my copy. Recently, the President of Airbus said he preferred to negotiate with Boeing rather than going before the WTO."

A controversy over Hewlett-Packard's decision to lay off personnel in France as part of a wider European plan has been growing in the past few days, leading HP's CEO for France to give an interview in Le Figaro Economie: "HP is implanted in France for strategic reasons and we have no plans to leave France, which is Europe's third largest market. We have announced a worldwide restructuring plan, with job losses throughout Europe. And what we can observe is that the issue has become an affair of state only in France."

The debate over Turkey's EU membership is once again a major story. Interior Minister Sarkozy, over the weekend, toned down his hard-line position against Turkey, "after receiving orders from Chirac" according to France Soir, while in an op-ed in Liberation by Pierre Lellouche, a National Assembly Representative, explains why "Turkey has not fulfilled its obligations and why Europe is not ready for a wider expansion." Lellouche, previously in favor of Turkey's EU membership, concludes: "Opening negotiations on Turkey's EU membership on October 3, without a strong Turkish political gesture towards Cyprus and the Armenians, is in my view premature." In his editorial in Catholic La Croix Dominique Gerbaud comments: "Turkey has become an issue of strong divisions and opposition in France's political debate."

(C) SUPPORTING TEXT/BLOCK QUOTES:

Global Economy: Cost of Reconstruction- Iraq - Hurricanes Katrina and Rita - Political Debate

"Bush Between Katrina and Iraq"

Pierre Rousselin in right-of-center Le Figaro (09/26): "Money is the nerve center of war. For Americans, it is also becoming the key word linking Iraq and the damages caused by Katrina and Rita. While anti-war demonstrators marched in Washington, Rita hit Texas and deflected attention from the protesters. For President Bush, Hurricane Katrina presented the advantage of making people forget about Iraq. The U.S. President, at times looking as a commander in chief and at times as a

construction foreman, handled Rita better than he handled Katrina. The fact that he is down in opinion polls is not as serious as some say. What is serious is the turn of the American political debate. Accused of having ignored the poor and the Black, President Bush wants to spend without counting. Known for cutting social programs, President Bush has become an advocate of the Welfare state. And so the Republican message has become murky. Those up for midterm re-election are adding up the figures: rebuilding the south will cost as much as the war in Iraq to-date. For President Bush, the bill will be paid, even if it means that the deficit will grow. But in the Republican Party concerns are growing, especially budgetary concerns, while the Iraqi adventure keeps eliciting more and more criticism. President Bush should watch out: his allies know that voters hate it when things are not clear, particularly where their money is concerned. Angela Merkel has learned the hard way."

#### "Painful Choices"

Francois Xavier-Pietri in centrist La Tribune (09/26): "Hurricane Rita turned out to be less devastating than predicted. Small comfort for President Bush who will nevertheless be confronted by painful choices. His financing plan for rebuilding the South leaves the G7 and the IMF somewhat skeptical. The budgetary equation, which the White House is facing, is more than a little complex. The figures announced for Katrina and Rita are to be added to the financing needs for the calamitous adventure in Iraq and rising oil prices. Whether over pure politics, with the midterm elections, or over economic policy, the U.S. President is at an impasse. But the real problem is that an America that is forced to slow down is not good for the world's economy. This is why G7 and IMF experts are rushing to help. But how much can they do? After all, the answers lie with the U.S. President."

#### Middle East - Gaza Violence

##### "Strategy"

Gerard Dupuy in left-of-center Liberation (09/26): "There has been no grace period for Gaza. The weekend attacks are neither surprising nor do they put the Israeli pullout in question. The Israeli response was as always more violent than the Palestinian attacks, which reconfirms the disproportionate balance of firepower of the recent past. We are back to the same situation but with a new strategy: on the Palestinian side, it is a show of limited belligerence; on the Israeli side it is mostly symbolic posturing with real bullets. The pullout inevitably had to lead to a phase of consolidation, with factions on both sides preparing for the electoral battle. Hamas, which is seen as the winner of the elections in Gaza, wants to take over the image of the victorious fighter, while it demonstrates that Abbas is unable to control Gaza." STAPLETON